

Personnel Issues: Some Readers' Views

Earlier this year *Personnel Journal's* editorial director, Margaret Magnus, interviewed a group of randomly selected readers to get their views on personnel management.

The questions were open-ended: What problems do you face? What are the major issues in personnel today? What changes do you foresee?

The results? The following discussion gives some of these views on the changing nature of the work force, compensation and benefits, productivity and motivation, validity and future issues in personnel.

If your views are different from those presented here, let us know. It is the diversity of opinion and experience of *Personnel Journal* readers which helps us to gauge the developing and changing human resource management field.

Changing Work Force

Marr: There is an emerging work population which is beginning to internalize the issues and "expectation of involvement" which appeared in the 1960s. These workers want to help run the company. We hire many MBAs in an analytical capacity, and they fully expect to quickly influence corporate policy and investments.

It was different 20 years ago. You paid your dues and worked your way up the corporate ladder. I see a growing stress between the expectations of younger workers, who want greater participation, and older workers, who are setting policy.

Bertram: I agree that a key issue is this "generation gap" between supervisors and management who have not kept pace with the demands of this new breed of worker and the younger work force.

Marr: In the insurance industry, we have a whole populace of generally conservative people who are facing a

new group of workers who expect a freedom of choice, to have a say in the organization and to manage their own careers.

I think it is important to help both groups in the work force cope with the stress of our changing and temporary society—professionally as well as personally.

Magnus: What do you mean by a "temporary society"?

Marr: By a temporary society, I am referring to changing organizational structures, changing corporate policies and new government regulations. We have a whole work populace continually trying to cope with these changes.

Strode: I also think that interpersonal skills are of major importance. We have young people adjusting to work life, to what work means, and to the conflicts between their expectations and older employees and their values and lifestyles—all of which impact the organization.

Panelists:

H. Henry Bertram, Associate Director, Human Resources, The New York Hospital, New York, NY

John E. Brouch, Personnel Administrator, PRC Consoer Townsend, Inc., Chicago, IL

Maurice A. Cayer, Organization and Staffing Personnel Specialist, J.C. Penney Company, Inc., New York, NY

Roberta Dawson, Personnel Director, Chicago, IL

Douglas H. Marr, Assistant Vice President, Equitable Life Assurance Society of the U.S., New York, NY

Jayson B. Strode, Assistant Administrator, Personnel, Rehabilitation Institute of Chicago, IL

These conflicts imply that persons are in a consulting role, rather than one of dictating through policies and procedures. We need to promote the idea of organizational and management flexibility and to indicate that there are options in how to manage people.

Dawson: I see a restless group of people, especially those between the ages of 23 to 30. They want to come in and take over. They want to know where they fit in the structure, and if they haven't moved up within two years, they move on. They stay just long enough to see how the job is going to work out.

There is discontentment, especially for degreed persons, who are not moving as quickly as they thought they would. But in many companies there are not enough slots in the upper echelons of the organization to accommodate all of these ambitious younger workers. Additionally, those people who are now in the top spots of a company have longevity with the organization and have been in the top spots for a number of years.

Cayer: So how do we motivate these people if there are very few places for them to go in the organization? How do we keep challenging them?

Marr: The challenge is to find a way to really involve these employees in the organization. But there are differences in the types and levels of involvement and in the degrees of decision making.

I do many informal exit interviews, and the reason employees frequently cite for leaving is the desire for more responsibility, not for more pay. The people who are leaving feel that they are being wasted and that their talents are not sufficiently used. This shows the importance of human resource utilization.

In the '80s we will have to develop a means for increasing employee responsibility and for clarifying decision-making roles.

Brouch: In our exit interviews, we also find that employees don't leave because of money. They leave because they don't feel that they are being used to their full potential.

They often don't know where they stand with their boss or within the company, and thus they become frustrated. We are trying performance measures and MBO in order to give employees a better understanding of their position and performance within the company.

I think employees have to be made to feel that they have an importance to the company, to their supervisor

and to top management. Then they won't necessarily think that the grass is greener on the other side.

Dawson: I find that people are asking for a tracking pattern: "Where can I find myself in four to five years?" "What will be my next step?" The problem is that most employees can't be guaranteed a spot. However, I do see an added interest by the management of many organizations to promote from within the company.

Strode: I think this leads to the need for career laddering. Right now, if an employee is stuck in a particular position because there are no advancement opportunities within the organization, the employee will seek a position in another company, even if it presents a lateral move.

So we have to look at the cost of losing that person versus the cost of providing additional educational and other opportunities.

For instance, if there is a speech pathologist who has been providing patient care for several years and now wants the opportunity to conduct research activities, we should be able to say to that employee that we will subsidize the time and resources for some research.

These costs will be offset in other ways, such as reduced turnover, increased employee morale and the generation of important contributions to other areas of the organization. These returns may not be evident for several years and may be "soft" returns, but they should not be discounted.

Compensation

Magnus: In my discussions with personnel managers, one of the problems cited is compensation—especially for first-line supervision and middle management.

The unions and public policy appear to be taking care of entry and lower-level employees regarding salary increases, and top management appears to have built-in salary incentives. It is the first-line supervisor, middle management and staff levels which are being squeezed salary-wise because there isn't enough corporate funds to meet all salary requirements. Therefore, middle management does not get adequately rewarded, except with small across-the-board salary adjustments.

This situation is often compounded by increasing entry-level salaries. And if entry-level salaries are high, where does that leave the first-line supervisor who has been with the company ten years and worked his or

her way slowly up the ranks? That employee ends up making only a thousand dollars or so more than an entry-level employee.

I think the problem is also compounded by the wage and price guidelines.

Brouch: This is true. Because 80 to 90% of our work force is government funded, we are faced with stringent adherence to the wage and price guidelines. The problem is that employees don't understand these requirements. All they think is that they are not getting the money they think they are worth.

But we can't substantially raise the salaries for these engineers due to the guidelines. However, we are going to lose these people if we don't raise their salaries.

And to remain competitive for new engineers entering the labor market, we have to have higher starting salaries. So we are caught in the middle—we are getting higher priced people with less experience, and we can't raise the salaries of our experienced personnel.

Motivation

Cayer: The implication of this salary squeeze is a crisis in motivation. I don't see people recognizing any benefit in producing more or producing a better product if they see they are not going to get any recognition for their efforts, such as an increase in salary.

This productivity issue, especially in labor-intensive service industries, is a problem. There is not much leeway in service industries. In manufacturing or something like oil production, you can come up with a new way of drilling and increase productivity by 60%. Productivity increases in service industries are much more subtle.

Bertram: I believe that the challenge facing us in the next decade is to devise a workable definition of productivity for labor-intensive industries. Department heads and supervisors do not know how to evaluate productivity, and this has serious implications, not only in motivating employees but also in compensation and performance appraisal.

Cayer: In retail, we introduced a new concept of measuring behavior for sales personnel. What we wanted to examine was the "sales interaction" and the number of desirable behaviors which led to increased sales in a given situation. We found that just looking at sales figures was not

enough to measure productivity. We are still evaluating the sales interaction system, especially those aspects which are linked to a pay plan.

Magnus: Employee motivation and productivity also seem to be influenced by many factors, including the nature of the changing work force we discussed earlier.

Strode: There is evolving evidence that workers are less inclined to devote their lives to companies. This is evident in the increasing inclination not to relocate and with the increased emphasis on reducing job stress and professional burnout. Many employees are not willing to tolerate the same level of involvement with work and the same commitment as in the past.

Our job is to find ways to retain and recharge these people, to get the work done and to still keep productivity up.

I see worker participation as partially offsetting reduced employee job commitment. If employees can play a greater part in the general management of an organization, then there is a greater probability that they can maintain job satisfaction.

We need to continually offer opportunities for employees to contribute ideas to the organization and in ways which are not just prescribed by the job description. We need to develop new ways and systems so that employees can make their full contribution to the organization. Right now we are wasting talent and the opportunity for involvement.

Cayer: There is a division at AT&T called "organization effectiveness" which is involved in employee attitude surveys, job design, assessment of compensation programs and motivation. I see this type of work as an opportunity for people in personnel.

Retention

Strode: For the 1980s, I see a shift from a recruitment focus to retention. I know that reducing turnover is not a new idea, but we will find that there are simply not enough students coming out of the schools to meet our labor needs. One of the most effective ways of dealing with this problem is to retain existing personnel.

Brouch: In our industry, we often experience a shortage in one area of personnel (e.g., environmental engineering), while we have to lay off people in another area (e.g., highway engineering) due to changes in

Readers Suggest Quarterly Subject Index—It Starts This Month

During our discussions, several readers indicated that they retained past issues of *Personnel Journal* for reference. Our reader survey taken several years ago had told us the same thing.

Our readers said that when a new issue is received, they quickly peruse the issue, note articles related to existing problem and file the magazine for future reference. When another problem arises later, they then turn to their file of *Personnel Journals*.

To facilitate this reference use of *Personnel Journal*, several readers suggested that we run periodic subject indexes cataloging recent articles. In this issue, on page 780, we begin a new policy of printing a cumulative (for that year) quarterly subject index for our readers' convenience.

The index identifies general subject categories, and includes the article title, author, date of issue and page number. The index includes only those articles printed during that calendar year. We will continue to print the complete annual index in the December issue.

For previous years—1978, 1979 and 1980—a 3-year subject index will be available approximately January 15, 1981, for \$4.00 plus \$1.00 shipping and handling. (California residents add 6% sales tax.)

government funding projects.

When we know there is going to be a layoff, we immediately begin planning transfers of the affected employees to other areas of the company. This way we are fighting the rumors that accompany changes in funding and cause employees to immediately begin looking for other jobs. If our employees know that we will try to reassign them within the company, then overall employee turnover is reduced.

Magnus: Retention also seems to be an issue in the area of automation and technology changes, which often imply staff layoffs. I understand that many companies are doing some preplanning in anticipation of these technology changes and pretraining of staff for the changes or for transfers into other areas of the organization.

Benefits

Bertram: I see the addition of benefits as a major issue of the future. The question is: How are we going to pay for these benefits—such as prepaid legal fees, auto insurance, homeowner insurance, dental coverage and mortgage differentials for relocation?

Cayer: Benefits are becoming more and more a part of the total reimbursement package. The proportion of benefits to total payroll is slightly greater than 36%. But benefits are not something we can distribute with discretion, and therefore we cannot use them for motivational purposes or award them on the basis of performance.

Bertram: I forecast a greater usage in the next few years of cafeteria-type benefit programs in order to account for differences in family composition, especially since the needs of wage earners differ substantially according to age, number of dependents and other factors. Such a benefit program might well impact the retention problem we spoke of earlier.

Cayer: When I was with the trade association for life insurance companies, we were involved with a study to determine changing benefit needs. We found that the types, kinds and levels of benefits requested varied with age, sex, type of employment, family composition, etc.

So the implication is that if you want to optimize your benefit package, you will need a basic protection plan supplemented with different kinds of alternatives.

Strode: There is still the unresolved issue of validity. It worries me. When you get down to facts and talk about job testing, validity, job interview questions and how they all relate to job success—well, none of us has completely satisfactory answers. Unless we devote more time and effort to validating our personnel practices and procedures, I could foresee a time when we asked a person's name and put him on the payroll.

Brouch: The proof of testing has to come over time, and in most cases, we do not have that much time. Currently, we are only using a typing and shorthand test.

Strode: So are we. We all have to prioritize our work, and if it comes to a choice between finding a replacement or validating a test, the priority is to find someone to fill a job, not to document a test's validity.

Brouch: Another area of the problem is job verification from a former employer. Most employers are now asking for a form to fill out; they won't verify over the phone for fear of being misquoted or misconstrued. It seems that this fear has almost become obsessive due to all of the regulatory agencies and employee rights legislation.

Personnel in the Future

Bertram: I see privacy as a big issue in the future. We are going to have to develop a plan for employee rights and privacy before it is forced down our throats through government regulation and intervention.

Marr: Personnel needs to become almost paralegal experts. We have attorneys on our staff because the insurance industry is highly regulated. But the legal viewpoint is that of extreme caution.

The problem faced by personnel is to come up with management recommendations that fit somewhere between the legal department's view (cautious and conservative) and line management's view (much less cautious). It sometimes feels like we are in a negative mediating role.

The problem is that most of us don't have enough grasp of the law. Sure we know some of the major laws, but not something like understanding the complex mechanisms of compliance.

We need to be able to advise management regarding legislation: to identify the rock-bottom compliance

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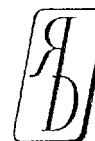
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issues and meet the expectations of
regulatory agencies, to identify what is
coming in the way of legislation and
regulation, to identify courses of
practical action for our company, and
to know where the rest of the industry
is headed.

Bertram: I think personnel has been
a reactive function. But we have to get
past that strategy and learn to
anticipate problems in order to help
management solve problems before
they exist.

This may be one of the big issues
of the '80s: personnel as a tool of
management. But to do this, we have
to get out of our offices and out into
the organization to be able to identify
some of the potential problems which
may be brewing.

At our hospital, we have two
personnel staff members who spend
70% of their time as employee
relations counselors. Their job is to
identify supervisory problems: How
are supervisors interpreting company
policy? How are they handling
discipline? How are they handling
staffing arrangements?

I see this as a fairly new function of
personnel, but part of the answer to
some of the problems we have raised,
and a step toward the anticipation of
future problems, is the active
involvement and awareness of the
organization by personnel
management.

Cayer: This relates to why we
developed an "associate [employee]
survey." It's an efficient way to
maintain those contacts, and if used
properly, it can help us keep on top of
the organization and anticipate
problems before it's too late.

Strode: I hope to see greater
application of human resource
accounting in the 1980s. There has
been a fair amount of research and
development in this area, but I don't
yet see its widespread use.

We need to look at layoffs,
compensation problems, staffing
patterns, turnover, employee relations,
etc. It is typical to consider each of
these as an isolated issue, but if we
can see the dollar cost assigned to
each of these factors, I think the
financial implications of personnel
actions will have a far greater impact
on corporate decision making.

Marr: A final issue is management
information. The personnel
professional of the '80s needs solid
knowledge in data processing and
management information. Most
companies are behind in the transition
from personnel data to useful
management information.



WORK IN AMERICA The Decade Ahead

Edited by
Clark Kerr/Jerome M. Rosow

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On the personal level, in addition to the mechanism of associative learning just mentioned, there may be a developmental sequence through which people tend to pass. People who look both for material and psychological rewards tend to give the former consideration priority in their working lives until those requirements begin to be reasonably well met. Thereafter, intrinsic considerations, such as status and challenge of the job, may take on greater significance for them.

To some extent, we can therefore estimate possible changes in work attitudes of a population by projecting changes in cultural values, beliefs, and behavior patterns. Changes resulting from the experiences of individual members of a population can be predicted from the projected changes in the work environment and/or in the demography of the work force. That is, experiences tend to be associated with social and economic statuses and roles, so that changes in the nature of statuses and roles may be expected to alter the experiences and hence the work attitudes of individuals. An example is the changing work role of women, which is likely to bring about associated changes in their work attitudes, and in those of men also.

Cultural Changes

Social analysts are by no means in agreement concerning the directions in which our Western culture will evolve. However, the relatively short-term outlook with which we are concerned here is generally expected to witness an extension of certain trends that have been developing over the past decade—provided, of course, that no major perturbation occurs, such as a war, severe depression, or political upheaval.

Daniel Yankelovich and other social analysts have noted the following contemporary cultural trends that are likely to affect work attitudes:

- Reduced concern with economic insecurity.
- Revised definitions of success, with less emphasis on material achievement and more on personal fulfillment.
- More flexible and equal division of work roles between the sexes.
- Growing psychology of entitlement to the good life.
- Greater questioning of efficiency as a criterion of goodness.
- Shifting emphasis from bigness and growth to smallness and conservation.
- Rising concern with ecological balance and the environment.
- Growing beliefs that work organizations are obliged, not only

even mainly to make profits, but also to contribute to the quality of life and of society.

- Rising concern with the welfare of consumers.
- Greater awareness of issues pertaining to health, both physical and mental.
- Greater social acceptance of ethnic minorities.
- Growing conviction that there is more to life than working.

To the extent that the foregoing developments in fact take place, they will, of course, not affect all people equally. But, on the whole and in combination, they are likely to stimulate shifts in work attitudes such as the following:

- Economic well-being may increasingly be taken for granted (except for those newly emerging from poverty), with benefits becoming increasingly important relative to take-home pay in the compensation package.
- Workers may become more attuned to the long-range career implications of their jobs, in contrast to here-and-now considerations.
- Hitherto disadvantaged groups—women, blacks, and others—will press especially hard for better jobs, higher pay, more training, more of the action.
- Autonomy, responsibility, achievement, and related psychic rewards may continue to gain in importance relative to material or comfort considerations (which is not to say that the latter will fade).
- The social and ecological significance of jobs and organizations may become a matter of greater import in attracting workers and maintaining their job satisfaction.
- More workers may want more of a voice in what goes on in their companies.
- Concern with satisfying use of leisure time may grow.
- The importance of hierarchical status may decline, both as a source of power and as a source of satisfaction.
- Workers may demand more attention to conditions furthering mental and physical health and well-being—"quality of working life"—even at the expense of productivity and profits.
- People may become less motivated to work long and hard just out of habit or conscience; increasingly, they may expect explanations and payoffs in both material and psychological terms.

Trends in the Work Force

As was noted earlier, a second major avenue of attitude change is comprised of changes in personal experiences associated with alterations in the status and roles of the work force. Hence, a useful way of anticipating what future changes may occur in worker attitudes therefore consists of analyzing the changes that are expected in the composition of the work force. If the work force changes in ways that have already been found to be associated with differences in attitudes, we may infer that future attitudes would tend to shift accordingly, all other things being equal.

There seems to be consensus among most labor economists regarding the following changes that can be expected over the next decade in demographic attributes of the work force:

- A larger percentage of workers will have been born and raised in a middle-class, urban, American cultural milieu than has been the case previously.
- The average age will increase; the proportions of workers in their 20s and early twenties will decrease sharply, whereas those in the 25- to 44-year-old bracket will increase; changes in mandatory retirement may further increase the proportion in their sixties.
- The black portion of the labor force is expected to increase by about one third, compared with a gain of only one fifth for whites.
- Women are likely to increase their rate of participation in employment from the present level of approximately 40 percent, especially in professional and managerial occupations.
- The average educational level will continue to increase, as a result of fewer workers with less than a high school education and more workers with at least some postsecondary education.
- The average level of income and associated socioeconomic factors will rise.

Implications for Attitudes

Several interesting developments are suggested for the 1980s, when we superimpose on the expected changes in the characteristics of the work force the work attitudes that have been found to be associated with those characteristics. These may be quickly grasped by reference to Table 2, which shows for each of the aforementioned work force changes the associated shifts that are implied in involvement with work, in work values, or in job satisfaction.

Table 2. Attitudinal Implications of Work Force Changes.

Work Force Changes	Implications for		
	Job Involvement	Work Values	Job Satisfaction
Sex More women	Work more important to many women, less to some men	More emphasis on career opportunities, self-fulfillment	Satisfaction with promotion prospects
		More concern with arrangements permitting home-making and careers	Dissatisfaction with "lock-step" jobs
Age Fewer under 30 More over 65	Work more important to some, less to others	More emphasis on security, earnings, benefits	Less tendency to be dissatisfied, provided that material rewards are good and a person has developed leisure interests
Education Higher average level More post-high school		Less emphasis on self-fulfillment more concern about leisure time and retirement	Greater overall satisfaction More dissatisfaction with underutilization and lack of challenge
Socioeconomic status More middle-class, urbanized	Work more important	More emphasis on challenging and socially significant ("meaningful") activities	More dissatisfaction with socially irrelevant work
	Second careers become more important	More interest in leisure, less emphasis on subsistence	Greater diversity of satisfaction-dissatisfaction
		Greater diversity	

influences. Another is that our society has become less insistent on uniformity, more tolerant of idiosyncrasy. Finally, there is the growing belief in the *right* of each person to be an individual and get what he or she wants—what has been termed the rising "psychology of entitlement." The convergence of these forces was neatly described in a recent report of Funkel and White, Inc.: "Thus, the emergence of greater pluralism of work styles becomes translated into a demand for the individualization of the work environment."

To summarize our projections of work attitudes of the future, the changes anticipated herein may be telescoped into the following broad trends:

- The traditional economic significance of work will be supplemented by a rising concern with its psychological quality and social meaningfulness.
- More workers at all levels will want a stronger voice in decisions affecting their jobs and to be less subject to hierarchical control.
- A shrinking proportion of the work force will be content to have routine, unchallenging jobs.
- More people will think in terms of long-range careers and even multiple careers, not just in terms of immediate jobs.
- The importance of nonwork (family, community, retirement, leisure) will increasingly rival that of work.
- The work force will exhibit a wider diversity of attitudes toward work, portending numerous departures from the foregoing.

How far those trends will, indeed, unfold in the 1980s is far from clear. The strong stabilizing influences: force of habit, comfort with the familiar, discomfort with the unfamiliar, and the tremendous capacity of most people to adapt. But, always subject to the absence of a major upheaval, sooner or later the foregoing trends are likely to emerge, if not in the 1980s, then perhaps by 2000.

RISING WITH THE TIDE

The trends in worker attitudes just noted do not necessarily spell disaster. In fact, with ingenuity, they can be converted into forces making for a healthier, more viable social and economic system than we have today.

However, the phrase "with ingenuity" implies changes in social institutions to keep pace with the changes in attitudes. In this concluding section, some suggestions are offered as to the nature of those changes. Listed in the following are some features of work that, singly or in combination, are likely to make jobs more harmonious with the attitudes of the work force of the future:

- Structuring jobs so that workers make more visible contributions to others and perceive the consequence of what they do.
- Redesigning jobs in order to increase the proportion that utilize higher levels of ability and education.
- Creating more job-sharing opportunities, that is, dividing a traditionally full-time job so that it can be covered by two or more part-time workers.
- Increasing the flexibility of rewards (pay, benefits) available to workers, so that each person may have wider options to meet particular needs and preferences.
- Increasing the flexibility of work schedules by flexitime (hours in the day), days off, vacations, and other methods.
- Establishing more part-time jobs, especially for homemakers, retirees, and those needing supplemental income, such as actors, writers, and others.
- Offering sabbatical leaves for those who wish to study, try out something else, or just replenish themselves.
- Using job rotation, both on an informal basis within work teams, or on a scheduled basis across departments or even employers (such as intergovernmental assignments, loans of personnel from industry to education, and so on).
- Providing more and better mechanisms for sharing power up and down the line, such as task forces, labor-management committees, works councils, collective bargaining, Management-by-Objectives programs, autonomous work teams, fewer levels of hierarchy, "linking-pin" arrangements, and so on.
- Creating more and better opportunities for use of leisure, coupled with avocational counseling and education.
- Providing more flexible arrangements for retirement, including early retirement, exceptions to mandatory retirement, and partial or phased retirement. These arrangements should be accompanied by resources for retirement counseling.

- Using affirmative action to recruit and prepare women and disadvantaged minorities for jobs and careers.
- Improving corporate citizenship via additional attention and weight given to effects on consumers, local communities, and society.
- Experimenting with nontraditional rewards, such as time off for good performance, or giving eligible workers opportunities to try out new jobs.
- Creating new careers in areas of heightened public concern, such as conservation, consumer protection, or mental health; such development could be doubly advantageous if they were made accessible to underemployed groups, such as youth, minorities, or women.
- Increasing the flexibility of career structures, so that people may have choices at key points in their careers—for example, choosing to advance in either managerial or technical channels, or opting to change careers altogether.
- Improving the match between people and jobs, taking into account potential attitudes as well as proficiency of the worker; the techniques for doing this may, in fact, be farther advanced than are the mechanics of and commitment to implementation.

None of the preceding items is altogether novel. Many have been devised in recent years precisely in attempts to cope with the deterioration in worker attitudes, with at least preliminary evidence of utility. For example, experiments in job enrichment and in participative management have often shown good results when introduced in the right way in the right situations. What is being suggested here is that the need for such alterations in our work systems will be greater in the 1980s than they were in the 1960s and 1970s, given the evolution predicted earlier in worker attitudes. And the solutions, to be effective, will need to be more than superficial or piecemeal; a sufficient number of elements will have to be changed so that in aggregate they will constitute new systems of work.

Ingenious managers and behavioral scientists will no doubt be able to devise additional programs to cope with those attitudes. For example, in addition to the foregoing we possibly should be thinking in terms of subdividing some mammoth organizations or increasing the opportunities for self-employment; both of those kinds of work settings are likely to appeal to many of the workers of the future.

In sum, the 1980s are likely to witness further evolutions in worker attitudes along lines initiated in the 1960s and maintained through the

1970s. Experiments in the reform of work systems, initiated partly in response to those changes, indicate directions for future development. Creative thinking is likely to improve further on such programs. Depending on our collective success in designing and instituting reformed systems, the future may either be populated largely with workers who are involved and satisfied with their working lives or who are demoralized and frustrated.

NOTES

1. R. P. Quinn, G. L. Staines, and M. R. McCullough, *Job Satisfaction: Is There a Trend?* Management Research Monograph No. 30, U.S. Department of Labor (Washington, D.C.: U.S. Government Printing Office, 1974).
2. Yankelovich, Skelly and White, Inc., *Corporate Priorities, "The New Worker,"* Briefings for Management, November 16, 1977.

Although inflation alone has pushed these costs up tremendously, an enriched occupational and skill mix in the work force has also contributed to the upward pressure on overall personnel costs. Thus, the organization focuses more on the economics of work rather than on its psychosocial aspects. This natural preoccupation with the economics of work tends to detract from quality-of-work-life issues which in the long run may prove to offer a more permanent solution to the problem of increasing labor costs.

Effectiveness Programs in the United States

In order to broaden its base of knowledge the Work in America Institute initiated a complete search of the literature for the four-year period 1971-1975, to review U.S. experimentation with worker productivity. This study resulted in the book *A Guide to Worker Productivity Experiments in the United States, 1971-75* by Raymond A. Karzell, Penney Bienstock, and Paul Faerstein.⁵ It consists of summaries of 103 experiments aimed at improving productivity. The survey findings bear repeating.

Eighty-five of the experiments favorable effects on one or more aspects of productivity were reported. This indicates that improvement of worker performance, a result that should benefit all segments of society, is attainable through strategies already within our grasp. What kinds of programs had the greatest success? In terms of popularity, of the fourteen categories classified, an old standby, training, was the most frequently cited, followed closely by the more recent strategy of redesigning jobs to increase worker motivation. Evaluating these techniques, the study noted the following:

- Behavioral analysis, identifying for the worker what effective work behavior is, providing occasions to enact it, furnishing prompt and frequent feedback regarding results, and giving material or symbolic rewards contingent on effective performance, appears to be particularly valuable.
- Setting clear and difficult but attainable goals for performance—"Management-by-Objectives" or similar programs—has produced useful results. Like behavioral analysis, goal setting typically requires frequent and prompt feedback.
- Redesign of jobs, either those of individuals or of work teams, often has beneficial effects, but fails in a significant proportion of instances.

Apparently, it is likely to fail unless there is a commitment on the part of all concerned to make it work, unless the program "meshes" with other elements in the system—kinds of workers, technology, labor relations, and so on.

- Compensation continues to have a major influence on worker productivity, particularly when creative ways are devised to make remuneration contingent on performance.
- Wider sharing of responsibility and control for job content among rank-and-file workers usually is found to have positive results in terms of enhanced productivity and quality of working life.
- In this context, organizational structures that integrate functions and decentralize authority show promise.
- Plans to maintain or improve productivity should be approached in terms of all the interrelated psychological, social, technological, economic, and cultural factors that must be balanced if the system is to be effective over the long haul. Productivity programs that work in some situations may fail in others. Therefore, achieving major improvements in productivity requires that each new step be compatible with existing programs.

These findings, of course, are based on a relatively small number of productivity experiments, though they are perhaps the most significant such experiments undertaken during the early 1970s. One important obstacle is that many experiments, successes and failures alike, are not reported in scientific or professional publications. Publicity may be particularly lacking in regard to programs that give the organization a presumed competitive advantage, or where there are other reasons (such as risking a delicate union—management balance) for maintaining a "low profile."

Keys to Successful Programs

In an effort to uncover these unreported experiments, the Work in America Institute's monthly newsletter, *World of Work Report*, has investigated and published, with the cooperation of employers, dozens of outstanding case histories that have generated tangible results for these innovative organizations. Based on these case histories and the institute's experience in quality-of-work-life and productivity programs, the following have been found to be the primary components of successful programs:

1. Improvements in quality of working life that are an integral part of a sound, long-term employee-relations policy, tailored to individual plants or offices.

Reform or innovation that does not require substantial capital investment or excessive start-up costs.

Changes that are relatively gradual, present limited risks, and can be controlled (or reversed) without major consequences.

Cooperative programs that engage the mutual interests of management, unions, and employees and ultimately produce shared economic or other benefits.

Increased participation and involvement of employees, without radical surgery on existing production technology.

Programs that have top-level direction, an economic motivation, and strong support, based on the premise that in the productivity equation people "count," and that their effectiveness requires constant reinforcement.

Changes in the quality of working life that are compatible with the American philosophy of management, but that are also cognizant of and responsive to government regulation and the changing expectations and aspirations of the employed work force.

Plans that combine participation, measurement, and openness to maximize the mutual interest of employees and management to increase the effectiveness of the organization.

A Look Ahead

The 1980s promise excitement, challenge, and increased complexity in managing people. The twin goals of productivity and an enhanced quality of working life are attainable, but only for those managers who make the effort.

An accommodation between the organization's goals and the employee's expectations will be more difficult. People will bring a more complex and varied set of needs to the workplace. The workplace itself will impose technological and information demands upon its internal human resources. The aging of the population, the growing role of women, the increased pressures for equality of opportunity, and the rising personal expectations for decent, satisfying, and challenging jobs will all demand an effective response.

Management, labor, and government will each place greater demands on the workplace and these will not always be harmonious. Thus, those

who are most imaginative and innovative stand to gain the most in the new environment, whereas those who resist change at every turn are more likely to suffer problems and disappointments.

We have good cause to be optimistic. The nation is rich in its supply of human talent. The political system is open and democratic, constantly buffeted by change, yet constantly adapting to new economic and social conditions. Our economic system is strong and resilient too; it will accommodate to the energy problem and go on providing an improved standard of life. And our work institutions, which have contributed so much to the advancement of the national welfare, will continue to be a source of productive achievement. In the decade ahead, one of the nation's greatest challenges will be to advance the quality of working life, while at the same time nurturing a healthy work ethic and using human resources productively.

NOTES

1. *Productivity and Job Security: Attrition—Benefits and Problems* (Washington, D.C.: National Center for Productivity and Quality of Working Life, 1977), p. 5.
2. *Adjusting Hours to Increase Jobs*, National Commission for Manpower Policy, Special Report No. 15 (Washington, D.C.: U.S. Government Printing Office, 1977).
3. Yankelevich, Skelly and White, Inc., Corporate Priorities, "The New Worker," *Briefings for Management* (November 16, 1977).
4. Opinion Research Corporation, *Public Opinion Index 35* (mid-September 1977).
5. Raymond A. Katzell, Penny Binstock, and Paul H. Faerstein, *A Guide to Worker Productivity Experiments in the United States: 1971-75*, Work in America Institute, Inc. (New York: New York University Press, 1977).

"Magnetic"

Management: The Real Role of Personnel

Personnel can be the power that pulls disparate departments into a single productive unit.

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There are many personnel managers with knowledge of and experience in labor relations, wage and salary administration, personnel legislation, and all other aspects of personnel administration. However, one asset which is regrettably rare among personnel people is an understanding of and sensitivity to the key operating elements required to maintain their company's current profitability and to enhance its future healthy growth. In short, many personnel managers simply don't understand how a business is run.

In interviewing personnel people over the years, it has been interesting to note their response to the rather hackneyed but always revealing question: "Why did you choose personnel management as a career?" The response to this question comes in many forms, but often translates as, "Because I like people." Interest in and sensitivity to people are, of course, essential in performing effective personnel work. However, the personnel manager must recognize that the personnel job is an integral part of a total business organization whose primary objective is to make a profit. The personnel manager obviously must assure

that people are treated fairly and equitably, that they are motivated and rewarded, that their complaints and aspirations are heard and appropriately acted upon, and that their jobs present the opportunity for satisfaction and a feeling of personal accomplishment. However, the personnel manager must always bear in mind that business exists primarily to make a profit; it does not exist solely to make people happy.

Tunnel vision which disproportionately focuses on people pacification will adversely affect the achievement of profit. Conversely, overwhelming concentration on profit to the exclusion of the realistic recognition of people is equally objectionable. To be successful, the personnel manager must achieve a well-balanced view of his or her concerns both for people and for profit.

To be productive, people must feel wanted and needed. On the other hand, people must be made aware of their responsibility to contribute, through their best performance, to the company's success and profit. It is the pragmatic recognition of this subtle distinction between salutary people-satisfaction and solid profit-accomplishment which epitomizes the truly effective personnel manager. Some, unfortunately, are unable to achieve this balance.

Understanding How Business Works

The personnel manager must be an integral "part of the business": i.e., a contributing member of management who understands how company business is transacted, not simply a traditional part of the staff that reports to the chief executive.

A personnel manager is not expected to be a master of marketing, nor a CPA, nor a manufacturing ex-

pert, but he or she must understand and have a working knowledge of those diverse responsibilities and unique operating problems which confront each functional head. Without this understanding and work-

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levels. A personnel manager who does not keep the company informed of these diverse responsibilities and discussed at all levels of the company is failing an important responsibility.

A personnel manager's recommendations to the company must reflect an understanding of their profit-and-loss implications.

ing knowledge, the personnel manager's opinions are relatively useless to the chief executive.

The personnel manager's views and recommendations as to various courses of action which the company is considering must reflect an understanding of the profit-and-loss implications of his or her proposed actions. Again, some personnel managers do not have this understanding, or if they do, they don't use it effectively. They myopically view their responsibilities as being only vaguely, if at all, related to profit and loss. They spend a disproportionate amount of their time on surveys, reports and analyses and on esoteric psychological exercises, while failing to concentrate sufficiently on those aspects of their job which will structure the company with the most qualified and productive people and which will contribute to profit. Conversely, a personnel manager who really understands how business works, and how each manager shares in the operational success (or failure) of that business, will be a valuable asset to the company.

Eyes and Ears of the Chief Executive

The personnel manager must be the "eyes and ears" (and frequently the voice) of the chief executive. He or she must know what is going on in the company, what people are really thinking and why, and how company actions and decisions are affecting employee attitudes toward the company and its management. Secondly, he or she must evaluate this intelligence: Is it real, or is it idle conversation? Is a complaint serious, or is it harmless griping? Thirdly, it is insufficient merely to convey this evaluated intelligence to the chief executive. The personnel manager must also recommend well-conceived, pragmatic ideas which deal with and effectively counteract unfavorable trends in employee attitude.

It is not enough, for example, to inform the chief executive that "people are unhappy with our present schedule of working hours." The personnel manager must accompany this disturbing observation with facts and with a well-thought-out revision of scheduled working hours which will solve the problem, yet allow the company to function as effectively as possible. Further, these recommendations, before being presented to the chief executive, should have been coordinated with and agreed to by the involved operating executives. The personnel manager, in this regard, should not be an obsequious tattletale. However, he or she must be a continually reliable source of information concerning employee attitudes and thinking at all

Evaluating Executive Candidates

The personnel manager must also have the ability to evaluate and recommend candidates for executive positions—not just to screen resumes and accept the candidates sent by a highly paid outside search agency. It is not sufficient simply to conduct perfunctory interviews, select two or three candidates, and then have the chief executive decide which candidate to hire. The personnel manager should have already reached a decision, and he or she must advise the chief executive of this choice and the reasons behind it.

The personnel manager must recognize that if six or seven highly qualified and compatible people can be placed at the top of a company, then they in turn will staff their functions with people of similar caliber. Therefore, the personnel manager must first concentrate on the selection of those six or seven people, and thereafter assure that those executives are continually motivated and realistically satisfied.

When an unqualified or undeserving executive is thrust unilaterally into a position, the personnel manager who stands by in a semidetached manner, as if disclaiming responsibility for the selection, is failing in the job. It is always necessary to object *beforehand* to the appointment of an unsuitable candidate, no matter who recommended the candidate, and to present firm, objective reasons supporting such a judgment.

Personnel people occasionally admit (or lament), "We objected to this candidate, but the operating people insisted on making their own choice." This cop-out is an unacceptable abdication of responsibility. Had the personnel manager previously in-

If the personnel manager works to inspire the operating executives' confidence, they will be reluctant to hire anyone without his or her consent.

spired the confidence of the operating executives, they would be very reluctant to hire anyone to whom he or she seriously objected.

If the operating people persist in the face of personnel's objections, then the personnel manager must openly, diplomatically and constructively present these objections to the chief executive before a final selection is made. Moreover, he or she must be advocate, as well as judge, and propose a candidate who is more viable than the one rejected. But too frequently, personnel people retreat into the convenient, unproductive "I-told-you-so!" syndrome. After all, an affirmative recommendation on personnel selection implies responsibility for the ultimate success or failure of

that recommendation. Many personnel managers avoid that measurable responsibility.

Planning Employee Development

One of the least understood and most poorly practiced aspects of personnel work is employee development. The average personnel manager's action plan for employee development is to assure that a certain number of people attend outside seminars each year. Such seminars can be beneficial, but they are still the least personalized and therefore the least productive segment of employee development.

It is incumbent on the personnel manager to identify those people who are, or could become, significant contributors to the company's business. Then, he or she must devise *individual* development plans for and with those people. For example, it may be beneficial for a development engineer to spend some full or part-time in the marketing function; it may be productive to place a manufacturing manager in engineering for a period of time; it may be productive to create several "assistant to" positions for "comers" where they can obtain a better overall view of the company as a whole. This type of individual employee development is difficult and time-consuming to plan and execute effectively and harmoniously. It requires individual employee counseling on a continuing basis and coordination with department heads who may not immediately see the benefit of disrupting their own functions. It also requires the personnel manager to exercise imagination and creativity. Because of these bothersome reasons, some personnel people avoid making the effort, or establish some euphemistic "program" merely for the record, despite the fact that employee development is one of their most important responsibilities.

Counseling Top Managers

Another personnel duty is counseling the company's top managers about their working relations with fellow executives. This counseling should be conducted in such a way that all managers feel free to speak frankly with the personnel manager, knowing that their comments and concerns will not be bruited about to other managers or to the chief executive. And yet, the personnel manager must use knowledge from one executive in order to counsel other executives as to their working relationships with that person. Obviously, this counseling must be discreetly and judiciously handled.

(The subject of counseling leads to what might be called "The Law of Evolving Personnel Dynamics": A company with a discordant top management will surely have a weak personnel manager. A company with a weak personnel manager will surely have a discordant top management.)

Removing Ineffective Employees

Unless prodded, a personnel manager will not usually recommend the removal of marginal or non-

productive employees because it creates problems. The average personnel manager thinks that such recommendations, if acted on, will upset em-

A company with a weak personnel manager will have a discordant top management.

ployee morale, cause personnel insecurity, or result in the ultimate personnel anathema: a discrimination charge. The fact is that the removal of a marginal or unnecessary employee, provided it is properly handled, usually *improves* the morale of the average and above-average employees, who are, after all, the people the company most wants to retain. It is demotivating to a production employee to observe a fellow worker who is dogging it—and getting away with it. It is the personnel manager's responsibility to see that the level of employee performance is as consistently high as possible, even when achievement of that objective means recommending and carrying out the removal of certain employees.

Promoting from Within

The personnel manager must assure, whenever possible, that promotions occur from within the company. At times, this desirable objective may cause surprising and confusing conflicts which the personnel manager must quickly resolve. Occasionally, department managers who are engrossed in dealing with the problems of their own functions don't want to lose a good worker, even when they know that their refusal represents the loss of a desired promotion to a deserving employee. The personnel manager has to handle this situation tactfully, but firmly, exercising authority if necessary to assure that outstanding contributors are promoted within the company. (Such employees have to be promoted, or they will soon find another employer who will recognize and reward their talent.)

When it becomes necessary to bring in a new manager from outside because there is no qualified employee in-house, then the personnel manager must assure that the outsider's arrival is handled in a straightforward manner, yet with professional diplomacy and with full explanation and counseling to the insiders who had aspired to the position. The personnel manager should not be swayed by what is politically expedient in such matters. If he or she loses the confidence of other managers by bowing to unilateral influences inside or outside the company, they will not seek his or her recommendations in future. In effect, the personnel manager will have lost by default the "right" to exercise authority.

Guardian of the Right to Manage

It is the personnel manager's responsibility to assure that all employee work rules, personnel actions

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and labor contracts preserve management's right to manage. Moreover, the personnel manager must promulgate this essential management requirement as his or her own thinking, not solely as the directive of top management. Ineffective personnel managers frequently, and mistakenly, attempt to maintain their own personal relations with employees or labor unions by attributing the imposition of any unpopular work rules, personnel actions or contract enforcement to "the front office." In doing so, they abrogate their own responsibilities, and sooner or later they will also lose the confidence of "the front office."

The personnel manager should always disagree with the chief executive when a proposed work rule, directive, personnel action or contract change is more harmful than helpful. But having stated his or her case (more than once, if necessary) and lost, the personnel manager must then carry out the order. Expressing disagreement to other employees, especially to peers, or disavowing any personal responsibility for the decisions of the chief executive only weakens the personnel manager's image and effectiveness in the company.

A Magnet for Disparate Disciplines

The R&D engineer must know the product; the marketing director must know the market; the ac-

countant must know how to keep the books and offer financial advice; the head of manufacturing must understand production. The personnel manager, however, must know how, and why, all these functions fit together. He or she has to be the magnet which helps the chief executive draw disparate disciplines into a single, working, productive unit.

Many personnel managers lack this magnetic ability; some of them even seem unaware that they should have it. Without "magnetism," however, they are relegated to the innocuous role of "the hirer of people" and "the processor of insurance claims." They then wonder why they seem to have little influence on their company management decisions.

A well-informed, well-balanced, common-sense, business-oriented personnel manager is a treasure, a tremendous asset to the company, probably a greater one than even he or she realizes. A chief executive who is fortunate enough to have such a personnel manager as a working partner will rely heavily and regularly on personnel for advice and opinion. That personnel manager will become, and will remain, a very important, respected and influential contributor to the company's management, a contributor who is consulted on every major issue. A sensible chief executive wants to extend that status to the personnel manager, but only in direct ratio to the personnel manager's ability to earn it. ■

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